



For Immediate Release  
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**SAN JOAQUIN COUNTY SHERIFF AND FORMER STATE OFFICIAL  
INDICTED ON CORRUPTION CHARGES**

**New Indictment Expands Charges in Corruption Case,  
Includes New Charges Against Former County Supervisor**

SACRAMENTO--United States Attorney McGregor W. Scott announced today that a federal grand jury returned a 39 count third superseding indictment in the pending case involving charges of public corruption in San Joaquin County. The new indictment added two new defendants, San Joaquin County Sheriff T. BAXTER DUNN, 56, of Stockton, and N. ALLEN SAWYER, 35, of Stockton, the former Executive Director of the Governor's Office of Criminal Justice Planning ("OCJP") under former Gov. Gray Davis. Arrest warrants have been issued for DUNN and SAWYER. The new indictment also added new charges against previously charged defendant MONTE D. McFALL, 57, of Lathrop, California, and former San Joaquin County Supervisor LYNN G. BEDFORD, 66, of Tracy, California. BEDFORD's former legislative assistant, J. TYLER REVES, 34, formerly of Stockton, is the fifth defendant in the case.

"Public corruption is a high priority for this office and the Department of Justice. This indictment is the result of a long and thorough investigation. The contents of the indictment returned by the grand jury sets out in great detail the conduct of the defendants which has led to these charges. The decision to bring charges in this case was not made lightly, and we will vigorously present the case on behalf of the United States," stated United States Attorney Scott.

The 67 page third superseding indictment charges Sheriff DUNN with one count of conspiracy to commit extortion, four counts of honest services mail fraud, one count of honest services wire fraud, one count of attempted harassment of witnesses, and one count of making a false statement. SAWYER was charged with two counts of conspiracy to commit extortion, four counts of honest services mail fraud, two counts of honest services wire fraud, and one count of perjury. The new charges against defendants BEDFORD and McFALL consist of one count of conspiracy to commit extortion, and one count of attempted extortion. Defendant McFALL is also charged with defendant SAWYER in one count of conspiracy to commit extortion. The charges previously filed against defendants McFALL, BEDFORD, and REVES are also included in the new superseding indictment. Defendants DUNN and SAWYER are expected to make

their initial appearances in the case before U.S. Magistrate Judge Kimberly Mueller in Sacramento in the near future.

### **Charges Against Baxter Dunn**

According to Assistant United States Attorneys Benjamin B. Wagner and Patrick K. Hanly, who are prosecuting the case, Sheriff DUNN is charged with conspiring with defendants McFALL, SAWYER and BEDFORD to extort the Calpine Company, by using and threatening to use the official positions of DUNN and BEDFORD, and threats of economic harm, to induce Calpine to give up its bid to build a power plant at a site at the Port of Stockton. The indictment alleges that DUNN was a secret partner with defendants MONTE D. McFALL and N. ALLEN SAWYER in two entities, MSD Ventures, Inc. and SMTM, LP, that were formed in March 2001, just as defendant BEDFORD assumed office. According to documents previously filed in the case, "MSD" stood for McFall-Sawyer-Dunn, and "SMTM" stood for "Show Me The Money." MSD and SMTM agreed to represent Sunlaw Energy Corporation in connection with its efforts to secure permission to build a power plant at the Port of Stockton. The three defendants stood to earn commissions of up to \$2 million if Sunlaw was able to build at the site. The indictment alleges that in May 2001, McFALL and BEDFORD proposed to a Calpine representative that it consider an alternative site in San Joaquin County to be proposed by McFALL, and threatened that if Calpine failed to withdraw its bid for the Port of Stockton site, McFALL would use his substantial influence with local government officials to generate strong public and political opposition to the construction of a Calpine power plant in nearby Alameda County, adversely impacting Calpine's ability to do business in the region. Shortly thereafter, when Calpine declined to withdraw its bid for the Port of Stockton site, the San Joaquin Board of Supervisors summoned Calpine representatives to a public meeting on June 26, 2001, at which it scolded Calpine and took up a resolution sponsored by BEDFORD that opposed construction of the Calpine plant in Alameda County. Sheriff DUNN appeared at the meeting and publicly endorsed the resolution, which was adopted by the Board of Supervisors. DUNN did not disclose his financial interest in representing Calpine's competitor, Sunlaw.

The honest services fraud charges against DUNN allege that DUNN violated his duty of honest services under federal and state law, by agreeing to accept compensation from Sunlaw in exchange for official action, by using his office to influence a decision by the San Joaquin County Board of Supervisors in which he had a financial interest, and by otherwise engaging in conflicts of interest and using his official position to assist Sunlaw for his private financial gain. The indictment alleges, for example, that DUNN accessed CLETS, a confidential law enforcement data base, for purposes of attempting to gather information on a Port of Stockton employee whom the defendants were contacting in connection with their efforts to promote the interests of Sunlaw.

The witness harassment charge in the indictment alleges that in early July 2002, DUNN attempted to harass the FBI Special Agent and the District Attorney's Investigator who were conducting the corruption probe by opening a criminal investigation based on a complaint by defendant McFALL, who was then a target of the investigation. McFALL claimed that the FBI Special Agent and the District Attorney's Investigator had opened his mail. Shortly afterwards, a federal search warrant was executed at McFALL's residence, and the Sheriff's criminal investigation was closed.

Finally, the false statement charge in the indictment alleges that DUNN lied to FBI Special Agents when he claimed that his appearance before the San Joaquin County Board of Supervisors was impromptu, and that he had not spoken with others about it prior to the meeting.

### **Charges Against N. Allen Sawyer**

According to Assistant U. S. Attorneys Wagner and Hanly, the indictment charges that SAWYER also participated in the conspiracy to force Calpine out of the competition for the Port of Stockton site by using the offices of DUNN and BEDFORD, and threatening economic harm to Calpine. SAWYER and McFALL are also charged in a separate extortion conspiracy in which SAWYER is alleged to have used his position at OCJP to pressure a company to do business with his partner McFALL.

As indicated in the indictment, OCJP dispensed grants for various law enforcement purposes. Digital Angel Corporation was a company that marketed various products including a product that used GPS technology in miniature electronic tracking devices. The technology had a variety of potential uses, including some that would be of particular interest to law enforcement agencies. In late 2001, SAWYER participated in authorizing an OCJP grant to fund a project involving the use of Digital Angel technology by a component of the California Department of Corrections. In late 2001 and early 2002, Digital Angel Corporation and its affiliates were seeking funding for additional contracts through SAWYER and his subordinates at OCJP. In January 2002, SAWYER arranged a meeting between himself, McFALL, and a representative of Digital Angel at a restaurant in Sacramento. During the meeting, McFALL, supported by SAWYER, sought to enter into a contract to represent Digital Angel. McFALL subsequently sent a proposed memorandum of understanding to the Digital Angel representative, under which Digital Angel would be required to pay a \$100,000 consulting fee to a "consultant" to be named by McFALL. When the representative protested to SAWYER, SAWYER urged him to do business with McFALL, and suggested that future opportunities for Digital Angel would be compromised without McFALL.

The honest services mail and wire fraud counts charged against SAWYER allege that he violated his duty of honest services under both federal and state law by using his official position for the benefit of Sunlaw Energy Corporation in order to financially benefit himself, McFALL and DUNN, by using his official position to induce a company that sought to do business with OCJP into entering into a contractual relationship with McFALL, by entering into a business venture with DUNN, an official whose agency sought benefits from OCJP, and by concealing and failing to disclose on his Statement of Economic Interests for the year 2001 his position in the business entities he formed with McFALL and DUNN.

The perjury charge against SAWYER alleges that he lied to a grand jury investigating this matter when he denied under oath that he knew at the time about DUNN's appearance before the San Joaquin County Board of Supervisors on June 26, 2001, or that he had spoken with any of defendants McFALL, DUNN, BEDFORD or REVES about that event.

### **New Charges Against Bedford and McFall**

The third superseding indictment includes charges previously filed against defendants BEDFORD and McFALL relating to the alleged conspiracy to extort Calpine described above. The indictment also includes other previously charged offenses, including two counts of witness tampering, and three other instances of attempted extortion by defendant McFALL in connection with alleged attempts to extract money out of other developers who sought to do business in San Joaquin County, and nine counts of honest services fraud in connection with undisclosed payments he received from persons doing business with Reclamation District #17. McFALL was a member of the Board of Trustees of Reclamation District #17. The indictment also includes previously filed charges against defendants BEDFORD and REVES alleging that they lied to FBI investigators, and that REVES committed perjury in a grand jury proceeding.

According to Assistant U. S. Attorneys Wagner and Hanly, the third superseding indictment includes two new attempted extortion charges against defendants McFALL and BEDFORD. In the first new charge, McFALL and BEDFORD are alleged to have conspired to extort a campaign contribution from a real estate developer in San Joaquin County. The indictment alleges that McFALL told the developer that BEDFORD would help the developer if he helped BEDFORD, and that refusal to make a substantial contribution to BEDFORD's re-election effort would be a "bad business decision" because BEDFORD knew that the developer was then seeking County permission to have property rezoned for development, and that BEDFORD had already spoken to a County official concerning that property. The indictment alleges that when the developer arranged a subsequent meeting with BEDFORD to discuss the project, McFALL arrived at the meeting with BEDFORD and discussed campaign contributions.

The second new extortion charge relates to a separate incident, in which BEDFORD is alleged to have steered a developer seeking to do business in San Joaquin County to defendant McFALL. McFALL is alleged to have told the developer that he could deliver BEDFORD's vote in favor of the developer's project if he was "happy" with the project, and that a payment in excess of \$50,000 would make him "happy."

All of the charges in the indictment except the witness harassment charge against defendant DUNN are felonies. If convicted, DUNN faces up to 20 years in prison on the conspiracy to commit extortion count, up to five years in prison on each of the fraud counts, and on the false statement count, and up to one year in prison on the witness harassment count. He could be fined up to \$250,000 on each count against him in the indictment except the witness harassment count, which has a maximum fine of \$100,000.

Defendant SAWYER faces up to 20 years in prison on each of the conspiracy to commit extortion counts, and up to five years in prison on each of the fraud counts, the false statement count, and the perjury count. He could be fined up to \$250,000 on each count against him in the indictment.

Defendant McFALL faces up to 20 years in prison on each of the attempted extortion and conspiracy to commit extortion counts, up to ten years in prison on each of the witness tampering counts, and up to five years in prison on each of the fraud counts. He could be fined up to \$250,000 on each count against him in the indictment.

Defendant BEDFORD faces maximum penalties of up to 20 years in prison on the conspiracy and attempted extortion counts, up to five years in prison on each of the false statement counts, and a fine of up to \$250,000 on each of the five counts in which he is charged.

Defendant REVES faces up to five years in prison and a fine of up to \$250,000 on each of the three false statement and perjury counts charged against him in the third superseding indictment.

The corruption investigation is continuing.

The United States Attorney's Office noted that an indictment is only an accusation, and that DUNN, SAWYER, McFALL, BEDFORD and REVES are all presumed innocent until and unless proven guilty.

The case is being investigated by the Federal Bureau of Investigation, with the assistance of investigators from the San Joaquin County District Attorney's Office.

This release will be available at [http://www.usdoj.gov/usao/cae/text\\_version/text](http://www.usdoj.gov/usao/cae/text_version/text).

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